

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6803

BILL NUMBER: HB 1285

NOTE PREPARED: Jan 29, 2009

BILL AMENDED: Jan 29, 2009

SUBJECT: Various Gaming Matters.

FIRST AUTHOR: Rep. Van Haaften

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: *Social Security Number Submission:* The bill specifies that the Gaming Commission may require an individual to submit the individual's Social Security number in the course of an investigation.

Gaming Facility Trusteeships: The bill requires licensed owners, operating agents, permit holders, and applicants to submit a proposed power of attorney to the Gaming Commission. It provides that the power of attorney must designate a trustee to operate the principal's riverboat or slot machine facility on behalf of the principal if certain events occur. It provides that the Gaming Commission must approve the trustee and the powers delegated to the trustee in the power of attorney. It also specifies the conditions under which the trustee may conduct gambling operations on a riverboat or at a racetrack.

Supplier's Licenses: The bill consolidates licensing requirements for riverboat and slot machine facility suppliers and increases the suppliers' initial license fees and annual renewal fees from \$5,000 to \$7,500.

Gaming Integrity Fund: The bill transfers duties concerning the Gaming Integrity Fund from the Gaming Commission to the Horse Racing Commission.

Effective Date: (Amended) Upon Passage; July 1, 2009.

Explanation of State Revenues: *Gaming Facility Trusteeships* - The bill allows the Indiana Gaming Commission (IGC) to appoint a trustee to take over the operation of a riverboat casino or racetrack slot machine facility if: (1) the owner's license or permit, or operating agent's contract, is revoked or not renewed by the IGC; or (2) other specified circumstances arise where the owner is unable or unwilling to operate the

casino or slot machine facility. In addition to operating the riverboat casino or racetrack slot machine facility, the bill authorizes the trustee operate any hotel, restaurant, golf course, or other amenity related to the casino or slot machine facility. The bill also allows the trustee to sell the casino or slot machine facility and amenities if a sale is not completed by the owner within 180 days of the time the IGC adopts a resolution appointing the trustee to operate the casino or slot machine facility. The revenue implications of these provisions are as follows.

(1) The possibility that a trustee would be needed to take over the operation of a riverboat casino or racetrack slot machine facility in the future is unknown. However, the bill could prevent an operational stoppage and interruption of revenue from taxes on the riverboat casinos or racetrack slot machine facilities if revocation or nonrenewal actually arises and, under current statute, a trustee can't be established to operate the casino or slot machine facility.

(2) The bill allows the IGC to impose civil penalties on riverboat casino owners, operating agents, and owners of racetrack slot machine facilities who fail to submit an approved power of attorney with an approved trustee within the deadlines specified in the bill. The amount of civil penalties that could potentially be imposed by the IGC under these provisions of the bill is indeterminable.

Supplier's Licenses - The bill makes two changes relating to the licensing of suppliers of gaming equipment to riverboat casinos and racetrack slot machine facilities. The revenue implications of these two changes are as follows:

(1) The bill consolidates the licensing of suppliers to the riverboat casinos and racetrack slot machine facilities beginning in FY 2010. This change would not result in a loss of fee revenue relative to the current IGC practice for licensing suppliers for the two types of gaming facilities. Current statute provides for separate licensing of the casino and slot machine facility suppliers with separate license fees of \$5,000. However, the IGC has been allowing licensed suppliers for the casinos to be suppliers to the slot machine facilities without paying the additional \$5,000 license fee. The bill simply eliminates the separate supplier's license for slot machine facilities after June 30, 2009. The bill then provides that the casino supplier's license satisfies the requirements to be a licensed supplier to the racetrack slot machine facilities.

(2) The bill increases the initial and annual renewal fees for a supplier's license from \$5,000 to \$7,500 beginning in FY 2010. The IGC issued or renewed 27 supplier licenses during FY 2008 with fee revenue totaling \$135,000. The increased supplier's license fee would generate \$67,500 in additional fee revenue from 27 suppliers.

Gaming Integrity Fund - The bill transfers administration of the Gaming Integrity Fund from the IGC to the Indiana Horse Racing Commission (IHRC). The Gaming Integrity Fund is a nonreverting fund containing revenue from the Gaming Integrity Fee and from a portion of the racetrack owners' required set aside of 15% of slot machine revenue. The Gaming Integrity Fee is a \$250,000 annual fee paid by each racetrack for operation of its slot machine facility. In addition to this fee, the first \$250,000 annually from the 15% slot revenue set aside is distributed to the Fund. As of November 30, 2008, FY 2008 revenue distributed to the Fund totaled \$750,000.

Money in the Gaming Integrity Fund may be used to: (1) pay the cost of analyzing equine specimens; (2) pay dues to the Drug Testing Standards and Practices Committee of the Association of Racing Commissioners International; and (3) provide grants for research for the advancement of equine drug testing.

Explanation of Local Expenditures:

Explanation of Local Revenues: See *Explanation of State Revenues*.

State Agencies Affected: IGC; IHRC.

Local Agencies Affected:

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